



CITY OF  
**FORT LAUDERDALE**

*Venice of America*

January 16, 1998

Mayor Jim Naugle  
Vice Mayor Tim Smith  
Commissioner John E. Aurelius  
Commissioner **Carlton B. Moore**  
Commissioner Jack Latona  
City Manager, George L. **Hanbury**

**RE: CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT -  
YEAR ENDED SEPTEMBER 30, 1997**

Dear Mayor, Commissioners, and City Manager:

Presented for your consideration and review is the City's Comprehensive Annual Financial Report for the year ended September 30, 1997. This report was prepared by the City's Finance Department. Although the financial statements were audited by independent accountants as stated in their report on Page 1, the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures, necessary to enable the reader to gain general understanding of the City's financial activity, have been included.

This Comprehensive Annual Financial Report is divided into three major sections:

1. **Introductory Section -** As the title indicates, this section introduces the reader to the report and includes the table of contents, this transmittal letter, the Certificate of Achievement awarded to the City by the Government Finance **Officers** Association and a City organization chart.
2. **Financial Section -** Five combined financial statements, one combining financial statement, together with the notes to the financial statements and required supplementary schedules, compose the General Purpose Financial Statements. These are the City's basic financial statements and provide an overview for users who require less detailed information about the City's finances than is contained in the balance of this report. The remainder of the financial section presents combining statements, individual **fund** statements and schedules focusing on individual funds rather than fund types.



3. **Statistical Section** - While this section contains substantial financial information, these tables differ from financial statements in that they present some non-accounting data, cover more than two fiscal years, and are designed to reflect social and economic data, financial trends and the fiscal capacity of the City.

Originally chartered as a municipality under the laws of the State of Florida in 1911, the City provides general municipal services, such as police and fire protection, parks, recreation, public works and others, as well as certain enterprise activities such as public parking and the utilities of water, sewer and sanitation. The charter was replaced by a special act of the Florida legislature in 1957 and was substantially revised in 1984.

## **THE FINANCIAL REPORTING ENTITY**

This report includes all funds, account groups and component units of the City, in accordance with Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity". The Financial Reporting Entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Sunrise Key Safe Neighborhood Improvement District (SK) is included as a component unit along with the Fort Lauderdale Community Redevelopment Agency (CRA). These organizations have been included as component units, since the City is financially accountable for and is able to impose its will on them. The transactions and balances of the CRA are blended with those of the City (primary government), while the SK financial information is discretely presented in the combined financial statements.

The City of Fort Lauderdale, Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale are related organizations, but separate and distinct, and are not included since they do not meet the established criteria for reporting herein. Along with the Performing Arts Center Authority and the DDA, the City is a participant in a joint venture in the Arts and Science District Parking Garage with each party maintaining an ongoing financial interest.

## **ECONOMIC CONDITION AND OUTLOOK**

The Fort Lauderdale economy continued its strong showing in FY 1996-97. This is certainly reflected in the real estate market throughout the City and beyond.

Vacancy rates for commercial office space posted an impressive low rate. In the Central Business District, the best vacancy rate in four years came in at 6.4% versus 8.7% last year. Increased demand for office space resulted in significant leasing activity in Fort Lauderdale, especially at the following locations: Crown Center, Tenant: Telematics International 110,500 square feet; Radice Corporate Center, Tenant: Motorola, 38,360 square feet; Cypress Financial Center, Tenant: Consolidated Cigars, 37,100 square feet; and Republic Tower, Tenant: Republic Industries, 31,168 square feet.

Major real estate developments occurring in Fort Lauderdale included retail ventures such as Beach Place (open and thriving), Festival Marketplace, Las Olas Riverfront (soon to open and add substantially to nighttime activity downtown), as well as residential complexes such as L'Hermitage and the Palms.

Tourism continues to be the City's largest business. An estimated 6,387,000 visitors came to Broward County in 1997 generating \$3.5 billion in expenditures.

Taxable sales were up 8.9% in FY97 over FY96, including a 19% jump in autos and accessories and 12% in consumer nondurables. Jobs for the Fort Lauderdale metropolitan area grew by 3.9% in the last year with unemployment at 5%.

The outlook is bright. Existing commercial and residential developments are on the way, as reflected in the partial list:

- ◆ The Tradewinds: A proposed 25-story, mixed-use development which will offer 220 units of one, two and three bedroom apartments, along with a parking garage and more than 35,000 square feet of ground floor retail space. The proposed \$75 million project will be located north of Beach Place at A1A and Castillo Avenue.
- ◆ Poinsettia by the Sea: A proposed, \$50 million mixed-use project featuring a Hilton Hotel, luxury apartments and 25,000 square feet of retail space. The 277-unit development will be managed by Hilton Grand Vacations Club of Fort Lauderdale and will be located north of Las Olas Boulevard at A1A and Poinsettia Street.
- ◆ South Beach Centre: The \$5 million parking garage will feature street-level retail space.
- ◆ Bridgeside Square: The proposed \$40 million mixed-use project combines high-rise rental apartments with lower level retail stores and a parking garage.
- ◆ New River Village and Marketplace: This development is scheduled to begin construction next to the Broward County Courthouse parking garage and will combine apartments, restaurants and retail in a five building complex.

A diversified economy and healthy tax base contributed to the reaffirmation of the City's excellent bond ratings and the increase in the City's taxable assessed value by five percent to over \$10 billion.

## **MAJOR INITIATIVES**

### **City/County Cooperative for Emergency Services**

The City has embarked on a major effort to improve emergency medical service and forge an operational alliance with Broward County. Prior to 1996, responsibility and authorization for the provision of emergency medical services was held exclusively by counties in Florida. While some cities had historically delivered their own paramedic program with the approval of their county, the bulk of the population was served by county provided or contracted service. For many years, cities like Fort Lauderdale were dissatisfied with the County service level. The City attempted to offset this dissatisfaction with the implementation of a "first-responder program" in which fire engine companies would include basic first aid capabilities and quicker initial response to emergency calls ahead of the Broward County paramedic units. In the 1995 State legislative session, counties were stripped of their monopoly over emergency medical services which opened the door to new and different arrangements for the service.

The City was faced in 1996 with several options: deliver the service with City personnel, contract for the service with a private provider, or develop some joint program with another governmental entity.

The City Commission decided to enter into an agreement with Broward County to jointly deliver emergency medical services. The arrangement is formally a "municipal services benefit unit" under Florida Statutes. A non-ad valorem charge is assessed to all property owners within Fort Lauderdale and unincorporated Broward County. That revenue, along with user fees for transport to hospitals, funds advanced life support services to City and unincorporated County residents. In addition, the agreement provides for County funding of other City programs, including police dispatch, homeless, and maintenance of the Riverwalk.

The advantages of the initiative are a regional approach to service delivery, improved capabilities for emergency medical services, and a potential beginning to more cooperative actions with Broward County.

### **City Hosts GFOA's 91st Annual Conference**

Years of planning came to fruition on June 1 through June 4, 1997 when the City hosted the 91st Annual Conference of the Government Finance Officers Association of the United States and Canada (GFOA) at the Broward County Convention Center. The cover of this Comprehensive Annual Report, as well as the divider pages, depict various activities of this event. With permission of the GFOA, the June, 1997 cover of Government Finance Review was reproduced and modified for use as the cover of this report.

With the theme "The Finance Officer and the Communities of Tomorrow", attendees were treated to nearly 100 different educational sessions highlighted by keynote speakers David Rusk, former Mayor of Albuquerque, and Irving R. Levine, former NBC Economics Correspondent and now Dean at Lynn University in Boca Raton, Florida.

The Local Host Committee responsible for attending to the multitude of details was a collaborative effort involving neighboring cities from three counties, the City and Broward County, and resulted in a very successful conference. The Conference set a new attendance record drawing over 6,200 persons into the City.

Attendees consistently remarked of the beauty of our City and the many amenities that are offered. It is estimated that the economic impact of this Conference to our area was \$3.9 million.

### **General Obligation Parks Bond Issue Underway**

Last year we reported that the electorate overwhelmingly approved a \$35,000,000 General Obligation Bond Issue for additions and improvements to the City's parks involving over 30 projects. These bonds were successfully sold at competitive sale in May, 1997. Due to the planning work done in anticipation of this sale, many of the projects are currently underway.

Below is a current status report of the work done to date:

- ◆ Informational signs were designed, manufactured and erected at construction sites.
- ◆ A Community Involvement Process designed to facilitate the participation of the community in project design was finalized and implemented.
- ◆ A City-wide tree canopy analysis was performed by the Urban Forester and a plan was designed to plant 2,000 trees in each district over the next five years.
- ◆ Imperial Point Park was constructed and a gala grand opening was held on November 22, 1997.
- ◆ Guthrie-Blake Memorial Park received new playground equipment and upgraded landscaping. A ribbon-cutting was held on September 27, 1997.
- ◆ Four parcels of land were purchased to add to the City's parks system.
- ◆ An advisory board was formed and four community meetings were held to design the Beach Community Center. This is a multi-purpose recreational facility located in the Galt Ocean Mile area on N.E. 33 Street, the former site of a grocery store.
- ◆ Phase I of Holiday Park construction began in December. A design contract was awarded for Phases II and III.

- ◆ A Grants Management Consultant was put under contract to leverage bond funds that will enhance the monies available for park projects.
- ◆ \$100,000 in FRDAP funding was received to help construct a nature walk and native planting section at Ocean Access Park.
- ◆ The new Holiday Park Tennis Center building was renamed and dedicated in honor of Jimmy Evert, who retired as the City's Tennis Director after 44 loyal years.
- ◆ The Carter Park Tennis Courts were renovated as part of the Master Plan for the park. Carter Park hosted the ATA Tennis National Championships in August 1997.
- ◆ Construction began on the relocation of fields at Floyd Hull Stadium.
- ◆ Three new soccer fields were constructed at Mills Pond Park.

### **Technology**

The City is striving to keep up with the rapidly-changing technology available to make delivery of public services as efficient and effective as possible. Major efforts are underway citywide. Examples of these efforts are:

- ◆ The City's Information Systems Division is working to ensure compliance with year 2000 challenges. All major systems have been corrected or replaced. In addition, tests will be conducted to check the reliability of other software programs which may be tied to the change in millennium.
- ◆ The Police Department has been budgeted in FY97/98 for a \$10 million infusion of new technology. The major components of this plan are replacement of current dispatch system and installation of pen-based computer capability in patrol cars.
- ◆ The City has jointly developed a geographic information system which is just beginning to see practical applications in planning and utility operations.
- ◆ The City has recently become its own Internet provider and will be expanding its use of the world wide web and the City's homepage. You may very well be reading this transmittal from our homepage. This CAFR has been made available electronically to increase the access to its contents.

## **DEPARTMENTAL FOCUS - PARKS AND RECREATION**

### **1997 Parks and Recreation Accomplishments**

Mission: Provide citizens and visitors the opportunity to participate in quality recreational programs and leisure activities, in an aesthetically pleasing and safe environment, at a reasonable cost to the user. Our citizens and visitors will also be provided with well maintained parks, open space, beach and roadway landscaping that complement the tropical beauty of the Fort Lauderdale area.

Following is a listing of the department's major accomplishments during the year:

- ◆ A new Jimmy Evert Tennis Center including wall of fame featuring internationally famous tennis players was completed.

- ◆ Joseph C. Carter Park tennis courts were renovated and served as 1 of 3 City sites hosting the American Tennis Association National Championships, bringing over 6,000 tourists to the greater Fort Lauderdale area.
- ◆ Mills Pond Park served as host to four national softball tournaments, bringing in 4,000 tourists.
- ◆ War Memorial Auditorium maintained the highest net profit since opening at \$152,000.
- ◆ The City hosted the World Series Champions Florida Marlins victory boat parade and reception on the Riverwalk.
- ◆ Over 100 outdoor events were hosted.
- ◆ New RiverFest won three state awards from the Florida Festival and Event Association for Best Souvenir, Best Promotion and Best Media Package.
- ◆ The monthly Sunday Jazz Brunch on Riverwalk continues to grow, with an average attendance of 6,000-7,000.
- ◆ Youth Athletics initiated National Youth Softball Coaching Association certification training for all volunteer youth coaches.
- ◆ Record number of participants in two programs: Learn to Swim 2,000+  
Youth Soccer Registrants 1,500
- ◆ Initiated Teen Coalition comprised of 23 agencies throughout the City which meets monthly to increase teen participation.
- ◆ Camp Gumbo Limbo, a new summer camp program at Snyder Park, had over 125 registrants.
- ◆ Increased Children's Services Board funding from \$15,000 to \$50,000 for the summer after school program.
- ◆ Increased City-wide contributions to the United Way Campaign by 13 percent. Tom Tapp, Director of Parks and Recreation, was the chairman of the City wide committee. \$56,000 was raised City-wide for United Way.
- ◆ International Swimming Hall of Fame hosted the first NCAA Men's Water Polo Championship. This is the first time this event has been awarded to the State of Florida and the second time in history that the event has been awarded outside the State of California.
- ◆ International Swimming Hall of Fame also hosted the YMCA National Swimming and Diving Championships. This is the largest swimming event in the United States. Over 1,600 participants from all over the United States participated in this championship. Over this 4 day event period, the economic impact to the City was \$1.5 million.

## **FUND STRUCTURE**

The various fund types of the City have been classified into fund categories. These fund categories, along with their measurement focus, are explained as follows:

### **Governmental Funds (General, Special Revenue, Debt Service, Capital Projects)**

These funds are used to account for the City's expendable financial resources and related current liabilities, except those accounted for in proprietary funds. Governmental funds are essentially accounting segregations for financial resources, and measurement focus is upon determination of financial position (sources, uses, and balances of resources) rather than upon net income determination.

Basic financial statements necessary to fairly present financial position and operating results for these funds are the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.

### **Proprietary Funds (Enterprise, Internal Service)**

These funds are used to account for the City's ongoing activities, which are similar to those found in the private sector. Financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured. Measurement focus is upon determination of net income, financial position and changes in financial position. The basic financial statements required for these funds are the Balance Sheet, the Statement of Revenues, Expenses and Changes in Retained Earnings, and the Statement of Cash Flows.

### **Fiduciary Funds (Trust and Agency)**

These funds are used to account for assets held by the City in a trustee capacity. Nonexpendable and pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature.

### **Account Groups**

In addition to the various fund types, a fourth category of accounting entities, account groups, is used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The City's general fixed assets (all fixed assets except those accounted for in proprietary or trust funds) are financial resources not available for expenditure. The unmatured principal of the City's general long-term debt (and other long-term liabilities not accounted for in proprietary funds) does not require use of financial resources during the current accounting period. Accordingly, these are not accounted for in the governmental funds, but in self-balancing account groups.

## **FINANCIAL INFORMATION**

### **Internal Control Structure and Budgetary Control**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City proprietary funds are maintained on the accrual basis. Although the legal level of control (the point at which expenditures and encumbrances cannot legally exceed appropriations) is by department, budgetary control is maintained at the division level through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balances on September 30, 1997.

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- ◆ The safeguarding of assets against loss for unauthorized use or disposition; and

- ◆ The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- ◆ The cost of a control should not exceed the benefits likely to be derived; and
- ◆ The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's Internal Audit Division reviews and appraises the soundness, adequacy and application of accounting, financial and administrative controls in the City's accounting system. Financial transactions and related data are examined for accuracy, completeness and authorization. Data processing applications and systems are addressed by the internal auditors at appropriate times to assess the adequacy and accuracy of controls. Also, computerized applications are reviewed to determine that they have been developed according to the policies, procedures, standards and guidelines of the City.

### **General Government Operations**

The following discussion of general governmental functions includes information from the General Fund.

**Revenues** totaled \$140,851,563 in 1996-97, an increase of 5.2% over the previous fiscal year. General property taxes remain the City's largest single source of revenue for the General Fund, representing 37.6% of revenue compared to 39.5% for the previous year.

The amount of revenue from various sources and the variance from last year are shown in the following table:

<u>Revenue Source</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1995-96</u>
Property taxes \$ 52,977	37.61%	\$ 125	
Utility taxes	24,923	17.70	980
Franchise taxes	12,266	8.71	1,028
Licenses and permits	7,036	4.99	1,131
Fines and forfeitures	2,145	1.52	447
Intergovernmental	13,895	9.87	( 638)
Charges for Services	13,259	9.41	3,184
Other	<u>14,351</u>	<u>10.19</u>	<u>653</u>
	<u>\$ 140,852</u>	<u>100.00%</u>	<u>\$ 6,910</u>

The City's \$9.7 billion assessed value after exemptions, represented an increase of 5.0% from the previous year. Although there is heavy reliance on property taxes to fund General Fund operations, the City's conservative policy regarding the property tax is to keep increases to a minimum. The operating millage rate dropped from 5.3907 mills the previous year to 5.2570 mills for 1996-97, and remains well below the 10 mill cap imposed by State statutes.

Evident from the previous table, revenues increased over the prior year in nearly every category demonstrating a stable revenue base for providing general governmental services. Utility tax and franchise fee gains reflect modest growth as the City continues its redevelopment efforts. Although not a major revenue source, the fines and forfeitures category increased the most from a percentage



standpoint, representing stepped up enforcement and collection of traffic and code violations. Direct charges for services provided also increased, decisively indicating the City's commitment to assess users of specific services. The decrease in the intergovernmental revenue reflects Federal Emergency Management Agency reimbursements in FY96 for Hurricane Andrew cleanup of \$210,243 which was not a revenue source in FY97. Additionally, revenue from Broward County for Emergency Medical Services was reclassified in FY97 from intergovernmental to charges for services.

Relationships among revenue sources can best be grasped by reviewing the graphic illustration on page x.

**General Fund Expenditures** totaled \$128,710,150, an increase of 6.1% from fiscal year 1995-96. Changes in levels of expenditure for major functions of the City are presented in the following tabulation:

<u>Functions</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1995-96</u>
General government	\$ 18,412	14.30%	\$ 395
Public safety	82,383	64.01	4,966
Physical environment	4,161	3.23	428
Transportation	2,249	1.75	12
Economic environment	1,219	.95	305
Culture and recreation	<u>20,286</u>	<u>15.76</u>	<u>1,343</u>
	<u>\$128,710</u>	<u>100.00%</u>	<u>\$ 7,449</u>

The function classification indicates the major purpose for which resources have been expended. Brief definitions of the functions are provided as follows:

**General Government** - Legislative, executive and staff support. Activities include City Commission, City Manager, City Attorney, Administrative Services, Finance, Planning and General Maintenance.

**Public Safety** - Protection of people and property. Police, Fire, and Building and Zoning services compose this function.

**Physical Environment** - Primarily engineering services for the creation and recapitalization of public infrastructure.

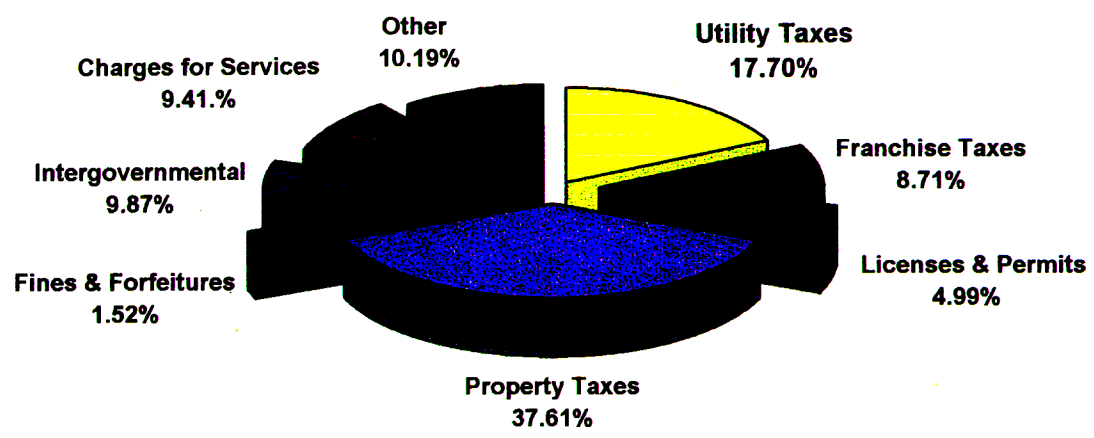
**Transportation** - Major maintenance costs for roadways, walkways, runways and waterways.

**Economic Environment** - The cost of providing services which develop and improve the economic condition of the community and its citizens.

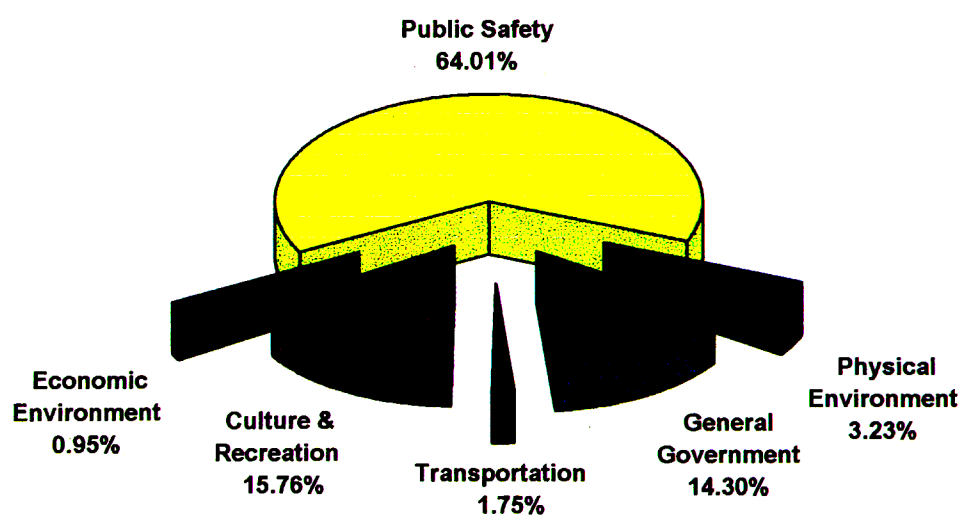
**Culture and Recreation** - Recreation and cultural activities including parks, auditoriums, museums, theaters, stadiums and events relating thereto.

The major change in expenditures by program is the substantial increase in public safety. The increase includes pay adjustments of 5.5% for firefighters, 3.5% for police officers, 3.5% for supervisors, 3.0% for AFSCME; eight additional positions; and expenditures related to beginning of advanced life support services. The graph on page x shows the percentage share of General Fund expenditures by function, further illustrating resource allocation.

# GENERAL FUND REVENUES



# GENERAL FUND EXPENDITURES



The total Unreserved General Fund balance at the end of the year was \$8,139,601, of which \$6,692,566 was designated for subsequent years' expenditures.

Even a quick glance at the numbers and the graph on the previous page shows the City's commitment to Public Safety. This is where a major part of our resources are allocated. The \$5,000,000 increase further emphasizes this commitment to police, fire and building protection services. A partnership with

Broward County in providing emergency services is experiencing some difficulties, but we are confident that this will best serve our citizens in the long run.

### **Enterprise Operations**

Enterprise funds are used:

- (a) to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily by user charges; or
- (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The following five activities have been determined by the City as meeting the previous criteria and are included in this report as enterprise funds. Comparative data are as follows:

	Operating Revenues (Thousands)		Net Income (Thousands)	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Water and Sewer	\$ 54,416	49,471	10,539	9,194
Sanitation	17,081	16,513	1,354	1,657
Parking System	6,773	6,300	1,440	498
Airport	3,427	3,328	819	611
Stormwater	3,060	2,981	2,477	1,904

Financial highlights of these funds appear below:

### **Water and Sewer Fund**

The 1996-97 fiscal year marked the fourth of a five year funding mechanism of a 10 year enhanced capital improvement program for upgrading aging underground infrastructure. Under the plan, rates are increased by 4% each year with resulting revenues specially earmarked for the program. Also during the year an additional 2% increase in operating rates was implemented, accounting for the increase in operating revenues from the prior year. Additionally, increases in customer base and utilization contributed to the 10% increase in operating revenues. Net income also increased by over 10% for the year. A similar 4% + 2% rate increase was approved for the FY 1997-98.

### **Sanitation Fund**

The financial picture of the Sanitation Fund continues to improve with an increase in operating revenues from the previous year despite increases in unavoidable tipping fees. A 3% increase in rates helped offset these fee hikes. While a \$20,500,000 liability remains at year end for the remediation of the Wingate incineration site, the City is near settlement with the Environmental Protection Agency and other responsible parties who will agree to fund some of the cost. Hopefully, this liability can be substantially reduced in the coming year. It is anticipated that revenue bonds, secured by the Sanitation Fund with a strong secondary pledge, will be used to help finance this remediation.

### **Parking System Fund**

There is an ever growing demand for use of our public parking facilities which is directly related to the economic activity of which the City is benefitting. This is evident from the incremental revenues from the areas of the Galt Ocean Mile, downtown parking garage, central business district on street parking, and the Oceanside lot on the beach.

## **Airport Fund**

Well-positioned financially, the Fort Lauderdale Executive Airport is poised to embark on needed capital improvements from funds accumulated over the past several years. One of these projects, a heliport is under construction in the downtown parking garage providing an extension of airport services to the downtown area.

## **Stormwater Fund**

This is the newest of the City's enterprise funds completing its fourth year of operations and continues to retain a large portion of its operating revenues. Accumulated funds have been set aside for capital replacement and improvement projects pending the establishment of applicable standards. Two major programs are planned in the coming year involving enhanced stormwater cleaning crews and swale restoration crews and equipment.

## **Pension Operations**

Two defined benefit plans are maintained for employee retirement, namely the General Employees Retirement System and the Police and Firefighters Retirement System.

City contributions to the plans for fiscal year 1996-97 were as follows:

	<u>Amount</u>	<u>Percent of Annual Revenue</u>
General Employees Retirement System	\$ 6,022,556	10.8%
Police and Firefighters Retirement System	\$ 7,092,440	8.6%

In total, these contributions are approximately the same in total as 1995/96.

## **Debt Administration**

Useful indicators of the City's debt position are the ratio of net bonded debt to assessed valuation and amount of bonded debt per capita. This information for the City of Fort Lauderdale at the end of the 1997 fiscal year appears as follows:

	<u>Amount</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
Net direct ad valorem tax supported debt	\$ 65,574,636	.63%	\$ 437.16
Net direct excise tax supported debt	<u>18,945,000</u>	<u>.18</u>	<u>126.30</u>
Total net direct bonded debt	\$ <u>84,519,636</u>	<u>.81%</u>	\$ <u>563.46</u>

The year saw a doubling of the net direct ad valorem tax supported debt with the issuance of the \$35,000,000 Parks Bonds, which were sold on May 1, 1997 at a true interest cost rate of 5.47%. Even with this additional amount, the debt burden on our citizens remains modest.

The preceding summary includes only non-self-supporting debt. The history of the debt service coverage of the self-supporting debt (enterprise fund debt) is excellent and is presented in the statistical section of this report. Required principal, interest and reserves on outstanding debt were provided for

during the year. Bond ratings continued to reflect that the City's uninsured bonds have the characteristics of strong investment quality as follows:

	<u>Standard &amp; Poor's</u>	<u>Moody's Investor's Service</u>
General Obligation Bonds	AA	Aa3
Excise Tax Improvement Bonds	A+	A1
Water and Sewer Revenue Bonds	AA-	Aa2

### **Cash Management**

Diverse operations of the various funds of the City dictate the necessity for a sophisticated cash management system to control and actively utilize cash as a financial resource.

Our central cash management system provides that all cash be deposited into a central account for investment in approved securities. The objectives of our investment program are, in order of importance, to assure adequate liquidity, minimize risk and maximize yield. State law permits the City to adopt its own set of allowable securities. The City's list of approved securities provided by ordinance of the City Commission consists of U.S. Government securities, U.S. agency securities, commercial paper rated A-1 or P-1, certificates of deposit, bankers' acceptances, repurchase agreements (REPO'S), reverse REPO'S and the State's local government investment pool. During 1996-97 the City also participated as an investor in the short term portfolio of the Florida Municipal Investment Trust administered by the Florida League of Cities.

Proceeds of the various bond issues are maintained separately from the City's other pooled cash. The reason for this segregation is due primarily to the federal arbitrage regulations and interest rebate requirements. Earnings which exceed the rate of interest on the borrowed funds must be returned to the federal government. The segregation of these investments provides for ease of rebate calculations.

The investments of the pension plans are controlled by the pension boards who have hired professional money managers responsible for managing the assets of those funds.

### **Risk Management**

Nearly all insurance is administered through the City Insurance fund. A major portion of the insurance program involves self-insurance. The City is currently self-insured in the areas of workers' compensation, general liability, automobile liability, and police professional liability. Premiums in excess of claims charged to the various operating funds over the years have been retained in the fund to provide for stability and protection against catastrophic losses as recommended by the City's Insurance Advisory Board.

Claims experience, combined with additional appropriations to amortize the fund deficit, resulted in a reduction of the fund deficit from September 30, 1996 of \$1,040,300 to \$205,493 as of the end of the current fiscal year. It should be emphasized that the fund is well equipped to pay claims as they come due with a Cash and Cash Equivalents account balance in excess of \$16.6 million at September 30, 1997. Amortization of the fund deficit was addressed in the 1997-98 operating budget and is expected to be eliminated at the end of next fiscal year.

### **Intergovernmental Revenue**

A considerable source of funds is provided to the City from various federal, state and county agencies.

The sources of intergovernmental revenue received by the City during the year are summarized by fund type as follows:

	<u>Fund Type</u>				
	<u>General</u>	<u>Revenue</u>	<u>Special Projects</u>	<u>Capital Enterprise</u>	<u>Total</u>
Federal Government	\$ 0	7,818,278	0	1,492,868	9,311,146
State of Florida	11,757,503	1,167,916	0	148,224	13,073,643
Broward County	2,137,934	331,041	925,976	9,639	3,404,590
Other Local Units	<u>0</u>	<u>177,857</u>	<u>0</u>	<u>0</u>	<u>177,857</u>
	<u>\$13,895,437</u>	<u>9,495,092</u>	<u>925,976</u>	<u>1,650,731</u>	<u>25,967,236</u>

## **OTHER INFORMATION**

### **Independent Audit**

As required by Section 10.02 of the City Charter, an examination of the books of account, financial records and transactions of all administrative departments of the City has been conducted by a firm of Certified Public Accountants. The report of Arthur Andersen, LLP Certified Public Accountants (Page 1 of this report) contains their opinion as to the fair presentation of the City's financial statements. Shaun M. Davis, Certified Public Accountant, participated with Arthur Andersen in the independent audit. The City continues to receive an unqualified opinion.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Lauderdale, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 1996. This was the twentieth consecutive year that the City received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the City also received the GFOA'S Award for Distinguished Budget Presentation for its annual budget prepared for the fiscal year covered by this Comprehensive Annual Financial Report. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. We are pleased that this is the eleventh consecutive year that we have received this distinction.

### **Acknowledgments**

Preparation of the Comprehensive Annual Financial Report is a major undertaking, especially in the presence of booming and dynamic economics and growing citizen involvement in our government. Many are responsible for this effort directed by Joanne Rizi, Controller. The Central Accounting staff works hard in assembling the multiple worksheets from over 250,000 financial transactions which occurred during the year and consolidates this into the form of financial statements, schedules and tables. The Treasury Division assists and is an integral part of the process. Internal and independent auditors coordinate their work with accounting staff to produce the most professional report possible. Competent typing, graphical, and other logistical work from others assures that the final product will be appealing to the reader.

I believe that this report fully and clearly tells the City's financial story for the year and my appreciation is greatly extended to the entire team which prepared it. Appreciation is also extended to the City Manager and his staff for the direction provided and the interest of the City Commission in the financial affairs of the City.

Respectfully submitted,

Damon R. Adams, C.P.A.  
Director of Finance



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Lauderdale,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda K. Savitsky*  
President

*Jeffrey L. Esler*  
Executive Director

# THE PEOPLE OF FORT LAUDERDALE

